

2005 DRAFTING REQUEST

Bill

Received: **10/07/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Luanne Kostelic**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - other insurance**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Ziegelbauer@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Require actuarial audits of Injured patients and families compensation fund; allow fund to create a subsidiary to offer medical malpractice insurance

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 10/11/2005	kfollett 10/12/2005		_____			State
/1			chaugen 10/12/2005	_____	lemery 10/12/2005	lnorthro 10/14/2005	

FE Sent For:

<END>

At intro.

2005 DRAFTING REQUEST

Bill

Received: **10/07/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Luanne Kostelic**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - other insurance**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Ziegelbauer@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Require actuarial audits of Injured patients and families compensation fund; allow fund to create a subsidiary to offer medical malpractice insurance

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 10/11/2005	kfollett 10/12/2005		_____			State
/1			chaugen 10/12/2005	_____	lemery 10/12/2005		

FE Sent For:

<END>

2005 DRAFTING REQUEST

Bill

Received: **10/07/2005**

Received By: **pkahler**

Wanted: **Soon**

Identical to LRB:

For: **Robert Ziegelbauer (608) 266-0315**

By/Representing: **Luanne Kostelic**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - other insurance**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Ziegelbauer@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Require actuarial audits of Injured patients and families compensation fund; allow fund to create a subsidiary to offer medical malpractice insurance

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler	11/gf 10/12	ch 10-12	ch 10-12 PS			

FE Sent For:

<END>

Kahler, Pam

From: Kostelic, Luanne
Sent: Wednesday, October 05, 2005 11:45 AM
To: Kahler, Pam
Subject: Medical Malpractice Task Force

Attachments: Medical.Malpractice.Task.Force.doc

Pam:

Attached please find Rep. Bob Ziegelbauer's paper regarding his suggestions for the Medical Malpractice Task Force; specifically on Insurance Market Reforms.

Can you please put an LRB draft addressing section I, points 1 and 2?

If you have any questions, please contact me or Dick Sweet at the Leg Council.

Thanks,

Luanne Kostelic
6-0315



Medical.Malpractice
.Task.Force...

Office of Rep. Bob Ziegelbauer

Staff: Luanne Kostelic, Toby Zutz

State Capitol:

207-North, PO Box 8953; Madison, WI 53708-8953

Phone: (608) 266-0315 or Toll Free: 1-888-529-0025

Fax: (608) 282-3625 Website: <http://www.bobziegelbauer.com>

In the District:

1213 S. 8th Street, PO Box 325, Manitowoc, WI 54221-0325

Office: (920) 684-6783, Home: (920) 684-4362

DATE: September 19, 2005

TO: Representative Curt Gielow, Chair
Medical Malpractice Task Force

FROM: Representative Bob Ziegelbauer

RE: Member ideas, recommendations

At our last meeting you asked for suggestions from the members of proposals to be considered for inclusion in our final package of recommendations. I would like to offer these:

I. Insurance Market Reforms:

Witnesses appearing before the committee frequently voiced their concerns about the current or future state of the market for malpractice insurance coverage. Given what we already know, there are some reforms we can look at right now that can increase the competitiveness and efficiency of that market.

1. Require the Injured Patients and Families Compensation Fund (IPFCF) to regularly submit to an "actuarial audit" of reserves. The most recent actuarial audit by Towers Perrins' Tillinghast consultants indicated that the IPFCF's assumptions as to future liabilities were extremely conservative, arguably resulting in excess accumulation of reserves adding to premium costs. Accumulation of excess reserves is not in the insured's or the public's interest. Regular actuarial audits will encourage the managers of the fund to keep their rates and reserves for future losses at appropriate levels.

The recent dramatic cuts in rates by the IPFCF seem to be a reaction to that audit and Legislative Audit Bureau review.

2. Give the IPFCF the authority to create an insurance subsidiary to offer first dollar coverage in competition with private insurers if necessary.

611,26

- continued -

would it be the
fund pay for it?
(investment?)

There has been a great deal of discussion about future rates for malpractice coverage by private insurers. While many have indicated that the marketplace is operating efficiently now, both sides have expressed concern about how well it might work in the future. Allowing the IPFCF to create an independently funded subsidiary, if necessary, to offer primary coverage in competition with the other private insurers will add another competitive element that can incrementally keep them honest.

II. Prevention of Malpractice Occurrences:

To keep the long run cost of malpractice insurance coverage as low as possible it would seem to be in everyone's interest for us to consider strategic reforms now that might operate as preventative measures to avoid these undesirable outcomes. In 1999 there was a Legislative Council Special Study Committee that studied these issues and developed a broad consensus package of proposals dealing with regulation and discipline of Health Care Professionals.

(The Legislative Council Committee developed two bills, 1999 SB 317 and SB 318, which were never fully considered by the full Legislature during the 1999-2000 session.)

I suggest that our committee take a closer look at the Legislative Council "Report No. 14 to the 1999 Legislature" (RL 99-14) with an eye to encouraging the Legislature to use it as a beginning point to again seriously consider the kinds of preventative accountability that can reduce occurrences.

Thank you for your consideration. As always, please do not hesitate to call on me if you would like to discuss this or any other recommendations further.

###

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

Rep
Zieglerbauer by phone

LRB

give Bd authority to organize an
ins corp - ~~by Bd~~
way establish
(don't require)

a If Bd determines it is

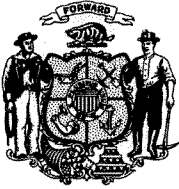
necessary to promote
competitiveness
in the market

✓ ~~to keep~~ promote competitive
if necessary to promote
ins. corporate

even
at least 12 years
for actuarial audit

Don't specifically address who \$

comes from to organize
ins corp.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3814/2

PJK:kgf

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

D-note
by Fri, please
10-14

gen cat

- 1 AN ACT ~~relating to~~; **relating to**: requiring actuarial audits of the injured patients and
2 families compensation fund and authorizing the fund's board of governors to
3 organize an insurance corporation.

Analysis by the Legislative Reference Bureau

The health care liability provisions of the statutes require certain health care providers to carry health care liability (medical malpractice) insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim that exceeds the policy limits is paid by the injured patients and families compensation fund (fund) for health care providers that are subject to the health care liability provisions. Money for the fund comes from annual fees paid by health care providers that are subject to the health care liability provisions.

X The fund is managed by a 13-member board of governors, which includes the Commissioner of Insurance (commissioner) or a designated representative of the Office of the Commissioner of Insurance. The fees paid by health care providers are set by the commissioner, with the approval of the board of governors, primarily on the basis of past and prospective loss and expense experience for each individual health care provider, for different types of practice, and for the fund in general.

This bill requires the board of governors regularly, but at least once every two years, to contract for the performance of an actuarial audit of the fund. Under current law, all audits of the fund are open to the general public for reasonable inspection. The bill also authorizes the board of governors of the fund to organize an insurance corporation to write and offer health care liability insurance to health care

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

Date

LRB-3814/2dn

PSK
PSK:kjf

Assuming that any expenses for actuarial audits or for organizing an insurance corporation would be paid from the fund, do you think that s. 655.27 (6) needs to be amended to encompass those purposes?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3814/1dn
PJK:kjf:ch

October 12, 2005

Assuming that any expenses for actuarial audits or for organizing an insurance corporation would be paid from the fund, do you think that s. 655.27 (6) needs to be amended to encompass those purposes?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

Barman, Mike

From: Kostelic, Luanne
Sent: Friday, October 14, 2005 2:01 PM
To: LRB.Legal
Subject: LRB-3814/1dn

Please jacket LRB-3814 for the Assembly relating to actuarial audits of the injured patients and families compensation fund . . .

Thanks,

Luanne

Office of Rep. Bob Ziegelbauer

Staff: Luanne Kostelic, Toby Zutz

State Capitol:

207-North, PO Box 8953; Madison, WI 53708-8953

Phone: (608) 266-0315 or Toll Free: 1-888-529-0025

Fax: (608) 282-3625 Website: <http://www.bobziegelbauer.com>

In the District:

1213 S. 8th Street, PO Box 325, Manitowoc, WI 54221-0325

Office: (920) 684-6783, Home: (920) 684-4362